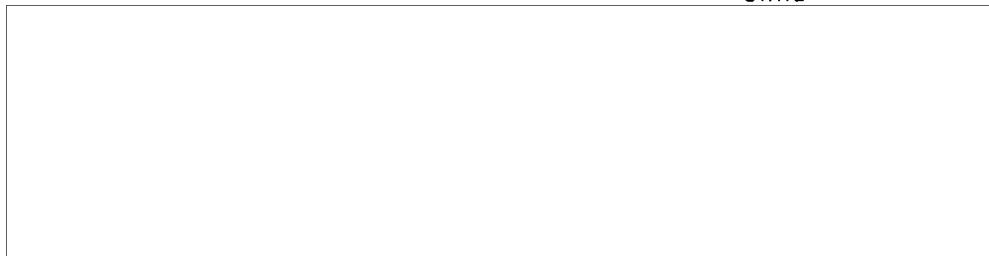


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EXDIS

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POLICY ISSUES

2. SUMMARY. DURING FEBRUARY 20-25 VISIT TO EGYPT, SENATOR CHARLES MATHIAS, ACCOMPANIED BY SENATE STAFF MEMBER CASIMIR YOST AND PERSONAL ASSISTANT FRED HILL, MET WITH PRESIDENT MUBARAK, FOREIGN MINISTER ESMAT ABDEL MEGUID, DEFENSE MINISTER ABDEL HALIM ABOU GHAZALA, MINISTRY FOR FOREIGN AFFAIRS BOUTROS GHALI, AND PRESIDENTIAL ADVISOR OSAMA AL-BAZ. AMBASSADOR, DCM AND EMBOFFS ALSO ACCCOMPANIED. A MAJOR TOPIC OF DISCUSSION WAS U.S. AID PROGRAM, WITH THE EGYPTIANS ASKING FOR QUICK DISBURSEMENT OF REMAINING SUPPLEMENTAL ASSISTANCE FUNDS FOR FY 86 -- DOLS 265 MILLION -- CITING DECLINE IN THE COUNTRY'S FOREIGN EXCHANGE EARNINGS FROM OIL AND OTHER SOURCES. THEY EMPHASIZED GOE'S DIFFICULTY WITH SPEEDY IMPLEMENTATION OF ECONOMIC REFORM MEASURES SOUGHT BY U.S. THE EGYPTIAN PUBLIC IS ALREADY UNHAPPY WITH ECONOMIC CONDITIONS, AND FURTHER BELT-TIGHTENING COULD PROVE VERY DIFFICULT. MUBARAK WAS POSITIVE ON THE PROPOSED GENERAL MOTORS PROJECT, BUT SAID A DECISION ON WHETHER TO GO AHEAD WITH THE AL-DABAA NUCLEAR POWER PLANT HAD BEEN DEFERRED SO AS TO STUDY ITS ECONOMIC FEASIBILITY. THE EGYPTIANS CRITICIZED THE U.S. FOR WHAT THEY SAW AS ITS OVERBLOWN REACTION AGAINST THE LIBYANS. ON THE GULF WAR, THE INTERLOCUTORS EXPRESSED CONCERN OVER THE LATEST IRANIAN OFFENSIVE, BUT DEFMINT ABOU GHAZALA REPORTED THAT THE IRAQIS WERE RECAPTURING

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LOST TERRITORY. THERE WAS DISCUSSION OF VARIOUS AFRICAN ISSUES; A HIGHLIGHT WAS GHALI'S URGING AGAINST U.S. AID TO UNITA LEADER JONAS SAVIMBI. THE ATMOSPHERICS OF THE CODEL'S MEETINGS WERE EXCELLENT, CHARACTERIZED BY WARMTH, CONVIVIALITY, AND FRANKNESS. DISCUSSIONS OF PEACE PROCESS AND EGYPTIAN/ISRAELI RELATIONS REPORTED IN SEPTELS. END SUMMARY.

U.S. EGYPTIAN RELATIONS

3. MUBARAK'S ASSESSMENT. ASKED ABOUT RELATIONS WITH THE U.S. IN THE 45-MINUTE MEETING FEBRUARY 24, MUBARAK DESCRIBED THEM AS "VERY GOOD"; REFERRING TO BILATERAL TENSIONS THAT SURFACED OVER THE ACHILLE LAURO AFFAIR IN OCTOBER, HE ASSERTED THAT "RECENT MISUNDERSTANDINGS" WITH THE U.S. HAVE BEEN OVERCOME. HE STATED THAT AMONG HIS TOP PRIORITIES AS PRESIDENT IS INSTILLING A FAVORABLE IMAGE OF THE U.S. IN THE EGYPTIAN PUBLIC. UNFORTUNATELY, MUBARAK ADDED, HIS TASK IS SOMETIMES COMPLICATED BY LACK OF U.S. SENSITIVITY TOWARD EGYPT (MUBARAK DID NOT ELABORATE ON THE POINT, BUT OBVIOUSLY WAS REFERRING AGAIN TO THE ACHILLE LAURO AFFAIR AND INTERCEPTION OF EGYPTIAN AIRCRAFT BY U.S.).

4. EGYPT'S PLIGHT. A MAJOR TOPIC IN CODEL'S MEETING WITH FORMIN ESMAT ABDEL MEGUID THE PREVIOUS DAY WAS U.S. ECONOMIC ASSISTANCE, WITH ABDEL MEGUID MAKING A STRONG PITCH FOR RAPID DISBURSEMENT OF THE SUPPLEMENTAL FY-86 AID -- DOLS 265 MILLION. THE FORMIN HIT REPEATEDLY ON THE THEME THAT EGYPT NEEDS THE FUNDS DESPERATELY, BECAUSE OF THE DOWNWARD SLIDE IN EGYPT'S FOREIGN EXCHANGE EARNINGS. THE COUNTRY IS IN A "VERY DIFFICULT" PERIOD, HE STATED, BECAUSE OF THE DROP IN REVENUES FROM OIL, TOURISM, OVERSEAS WORKERS' REMITTANCES, AND SUEZ CANAL TOLLS.

5. AUSTERITY MEASURES. BECAUSE OF POPULAR DISCONTENT OVER EGYPT'S ECONOMIC TROUBLES -- IN PART WHIPPED UP BY THE OPPOSITION PARTIES -- ABDEL MEGUID SAID, THE GOE FINDS IT DIFFICULT TO ADD TO THE PUBLIC'S HARDSHIPS BY IMPLEMENTING RAPIDLY THE ECONOMIC REFORMS DESIRED BY THE U.S. THE GOE IS FULLY AWARE OF THE NEED FOR AUSTERITY MEASURES, HE CONTINUED, AND HAS ALREADY TAKEN SOME STEPS -- E.G., LAST YEAR'S HIKE IN BREAD PRICES AND RAISING OF ENERGY TARIFFS. HOWEVER,

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FURTHER MEASURES SHOULD BE ADOPTED GRADUALLY, HE ARGUED, ADDING THAT THE GOE WOULD LIKE TO CONSULT WITH THE U.S. ON THE TIMING AND NATURE OF ADDITIONAL REFORM MOVES TO FACILITATE DISBURSEMENT OF THE SUPPLEMENTAL AID.

6. MILITARY AID. DEFMIN ABOU GHAZALA TOLD CODEL FEBRUARY 24 THAT HE HAS "NO COMPLAINTS" WITH THE U.S. MILITARY AID PROGRAM, BUT A WAY MUST BE FOUND TO COMPENSATE FOR THE 4.3 PERCENT CUT UNDER GRAMM-RUDMAN-HOLLINGS (GRH). ECHOING ABDEL MEGUID, HE POINTED OUT THAT THE REDUCTION COMES AT A TIME

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WHEN EGYPT'S ASSISTANCE NEEDS ARE GREATER THAN EVER,
BECAUSE OF THE PLUMMETING OF FOREIGN EXCHANGE EARNINGS.

-- ON FMS DEBTS, FORMIN ABDEL MEGUID DECLARED THAT EGYPT RESPECTS ITS OBLIGATIONS AND WILL MAKE THE PAYMENT OF DOLS 88 MILLION DUE IN MARCH. HE ADDED THAT EGYPT, LIKE OTHER COUNTRIES WITH DEBT PROBLEMS (HE CITED MEXICO AND VENEZUELA AS EXAMPLES), IS A "VICTIM" OF THE BROOKE AMENDMENT.

7. GM PROJECT. ON THE PROPOSED AUTOMOBILE ASSEMBLY PLANT TO BE RUN JOINTLY BY GENERAL MOTORS AND THE EGYPTIAN FIRM, NASCO, MUBARAK MADE FAVORABLE NOISES. HE SAID HE HAD INSTRUCTED PRIME MINISTER ALI LOTFY TO FINALIZE THE PROJECT "AS SOON AS POSSIBLE." MUBARAK EXPLAINED THAT UNDER THE DEAL, GM'S ROLE WOULD BE LIMITED TO THE ASSEMBLY OF PASSENGER CARS; NASCO WOULD RETAIN SOLE CONTROL OVER ITS EXISTING TRUCK AND BUS MANUFACTURING OPERATION. WERE GM TO PARTICIPATE IN THE LATTER OPERATION AS WELL, HE SAID, THE EGYPTIAN PUBLIC WOULD BE OPPOSED, FEARING THAT THE GOE WAS ALLOWING THE U.S. TO TAKE OVER THE COUNTRY'S PUBLIC SECTOR (NASCO IS A PUBLIC SECTOR FIRM). MUBARAK ADDED THAT HE HAD BEEN FAVORABLY IMPRESSED WITH THE EXISTING GM PROJECT IN EGYPT -- A TRUCK ASSEMBLY PLANT LOCATED AT THE SIXTH OF OCTOBER CITY, NEAR CAIRO.

-- DEFMIN ABOU GHAZALA WAS ALSO POSITIVE ON THE PROPOSED GM DEAL, STATING THAT THE GROUNDWORK HAS BEEN LAID (IN TERMS OF GOE SUPPORT) AND IT WOULD BE FINALIZED. HE STATED THAT INDUSTRY MINISTER MOHAMED ABDEL WAHAB, IN PARTICULAR, HAS WITHSTOOD STRONG PRESSURE FROM GM'S COMPETITOR FOR THE PROJECT, ITALY'S FIAT COMPANY, AND IS NOW ON GM'S SIDE.

8. NUCLEAR POWER. ON THE PROPOSED NUCLEAR POWER PLANT AT AL-DABAA -- FOR WHICH WESTINGHOUSE IS AMONG THE BIDDERS TO SUPPLY THE REACTOR -- MUBARAK SAID HE HAS DELAYED HIS DECISION. CITING EGYPT'S WORSENING ECONOMIC SITUATION -- IN PARTICULAR, THE FALL IN OIL REVENUES -- HE SAID GOE EXPERTS WERE DOING A STUDY ON THE ECONOMIC FEASIBILITY OF BUILDING THE AL-DABAA POWER PLANT.

LIBYA

9. FRANK ADVICE. MUBARAK, ABDEL MEGUID, AND MINSTATE FOR FOREIGN AFFAIRS BOUTROS GHALI PROVIDED STRAIGHTFORWARD, IF UNFLATTERING, ASSESSMENTS OF U.S. POLICY TOWARD LIBYA. SCORNING LIBYAN LEADER QADHAFI AS A MADMAN, MUBARAK GAVE HIS "FRANK VIEW" THAT THE U.S. WAS GIVING HIM UNDUE ATTENTION AND EXAGGERATING THE THREAT THROUGH ITS RECENT ECONOMIC SANCTIONS CAMPAIGN AND MILITARY MANEUVERS OFF THE LIBYAN COAST. "BE CAUTIOUS WITH QADHAFI," MUBARAK ADVISED, BUT "IGNORE HIM"; MUBARAK TERMED THE U.S. MOVES "NOT NECESSARY." MUBARAK RULED OUT POSSIBLE MILITARY ACTION AGAINST LIBYA, RECOUNTING THAT RECENTLY HE HAD GIVEN ASSURANCES OF EGYPT'S PEACEFUL INTENTIONS TO THE SOVIET AMBASSADOR HERE, WHO WAS CONCERNED ABOUT THE

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SAFETY OF SOVIET TECHNICIANS NEAR THE EGYPTIAN/LIBYAN BORDER IN EVENT OF AN EGYPTIAN ATTACK.

-- ABDEL MEGUID STATED THAT WHILE HE OPPOSED THE U.S. SANCTIONS AGAINST LIBYA, PERHAPS THEY HAD ONE WORTHWHILE EFFECT -- KEEPING QADHAFI OFF BALANCE. EGYPT WOULD HAVE PREFERRED, ABDEL MEGUID SAID, THAT THE U.S. CONSULT WITH IT BEFORE EMBARKING ON THE ANTI-LIBYAN ACTIONS. HAD THE U.S. ASKED THE GOE'S PRIOR ADVICE, HE DECLARED, THE EGYPTIANS WOULD HAVE SUGGESTED A MORE GRADUAL IMPLEMENTATION OF SANCTIONS, SO AS NOT TO CATCH FRIENDLY (TO THE U.S.) COUNTRIES BY SURPRISE.

-- GHALI, IN THE MEETING WITH THE CODEL FEBRUARY 23, CRITICIZED THE U.S. FOR "MAKING QADHAFI A HERO" WITH THE SANCTIONS, DECLARING THAT NO ONE TAKES THE U.S. EFFORT SERIOUSLY. WESTERN EUROPE REFUSED TO FOLLOW THE U.S. EXAMPLE AND APPLY SANCTIONS, HE OBSERVED, BECAUSE IT WAS NOT IN THE EUROPEANS' ECONOMIC INTEREST. ASSESSING SOVIET/LIBYAN RELATIONS, GHALI SAID THERE IS MUTUAL DISTRUST BETWEEN THE TWO COUNTRIES AND THEIR ALLIANCE IS BASED ON THE COLD CALCULATION OF RESPECTIVE INTERESTS. GHALI WAS UNABLE TO CONFIRM REPORTS OF THE SOVIETS' INSTALLING NEW RADAR SYSTEMS IN LIBYA.

GULF WAR

10. EGYPTIAN CONCERN. COMMENTING ON THE LATEST IRANIAN OFFENSIVE, ABDEL MEGUID EXPRESSED CONCERN THAT THE IRANIANS MIGHT SUCCEED IN CONSOLIDATING THEIR TERRITORIAL GAINS. WERE THEY TO DO SO, HE STATED, THE SMALL STATES NEARBY -- E.G., KUWAIT -- WOULD BE FAR MORE VULNERABLE TO IRANIAN PRESSURES; "THE IRANIANS COULD DICTATE THEIR WILL" TO THESE COUNTRIES, ABDEL MEGUID REMARKED. BEYOND THIS IMMEDIATE WORRY, INDICATED ABDEL MEGUID, THE EGYPTIANS WERE MINDFUL OF THE POTENTIAL THREAT TO REGIONAL STABILITY POSED BY THE IRANIANS' MILITANT SHIA DOCTRINES. HE SAID EGYPT'S SUPPORT FOR IRAQ WAS BASED ON THE IMPERATIVE OF CONTAINING KHOMEINI'S REVOLUTION.

11. IRAQI SUCCESSES. ABOU GHAZALA WAS MORE UPBEAT, REPORTING THAT THE IRAQI FORCES HAVE RECOVERED ABOUT HALF OF THE TERRITORY -- 5 KILOMETERS -- LOST IN THE IRANIAN OFFENSIVE. THE IRANIANS WERE NOW TRYING TO FIND A WAY TO WITHDRAW FROM WHAT REMAINED OF THEIR BEACHHEAD WITHOUT BEING ROUTED. INDICATIVE OF THE FEROCITY OF THE FIGHTING, ABOU GHAZALA REVEALED, IS THE FACT THAT THE IRAQI FORCES EXPENDED FIVE TIMES MORE AMMUNITION IN THIS ENGAGEMENT THAN IN ANY PREVIOUS BATTLE IN THE WAR. HE MENTIONED A VISIT TO CAIRO BY AN IRAQI MILITARY DELEGATION SEEKING TO REPLACE THE AMMUNITION USED, REVEALING THAT THE GOE HAD INSISTED THAT THE IRAQIS PAY CASH ON THE BARRELHEAD FOR THE 300 HUNDRED MILLION DOLLARS' WORTH OF AMMUNITION REQUESTED. THE SAUDIS REFUSED TO COVER THE COST, ABOU GHAZALA SAID, AS THEY BELIEVE THAT THEIR RECENT INCREASE IN AID TO IRAQ IS MORE THAN SUFFICIENT FOR ITS WAR REQUIREMENTS.

12. FUTURE IRANIAN ATTACKS. ASKED ABOUT POSSIBILITY OF A NEW IRANIAN OFFENSIVE IN THE NORTHERN SECTOR, ABOU GHAZALA RULED THIS OUT -- AT LEAST FOR THE

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"NEXT THREE OR FOUR MONTHS."

13. EGYPTIANS IN IRAQ. ABOU GHAZALA ESTIMATED THE NUMBER OF EGYPTIANS WORKING IN IRAQ AT 2.5 MILLION AND SAID MOST ARE THERE ILLEGALLY -- I.E., WITHOUT THE REQUIRED WORK PERMIT FROM THE GOE. HE ADDED THAT THERE ARE 38 EGYPTIAN POW'S BEING HELD IN IRAN.
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AFRICA

14. SUDAN. MUBARAK DISMISSED THE CURRENT POLITICAL FERMENT IN SUDAN'S PRE-ELECTION ENVIRONMENT AS BUSINESS AS USUAL FOR THAT COUNTRY; SINCE THE 1950'S, HE SAID, THE SUDANESE POLITICAL SCENE HAS ALTERNATED BETWEEN PERIODS OF DEMOCRACY AND DICTATORSHIP AND IS CURRENTLY IN A "DEMOCRACY" PHASE. GHALI PREDICTED THAT THE ELECTIONS WOULD OCCUR ON SCHEDULE AND SAID THE UMMA AND UNIONIST PARTIES WOULD EMERGE DOMINANT IN THE BALLOTTING. HE MENTIONED THAT SUDANESE LEFTIST ELEMENTS WERE TRYING TO ENLIST THE SUPPORT OF JOHN GARANG TO FORCE POSTPONEMENT OF THE ELECTIONS, BUT DOUBTED THAT GARANG WOULD COOPERATE.

15. LIBYAN TIES. MUBARAK BELIEVED THAT SUDANESE LEADER SOWAR AL-DAHAB FINALLY HAS BECOME AWARE OF THE MENACE THAT QADHAFI REPRESENTS AND NOW IS MORE CIRCUMSPECT IN HIS LIBYAN DEALINGS.

16. EGYPT'S APPROACH. MUBARAK AND GHALI STATED THAT THE GOE CONTINUES TO PURSUE ITS LOW-PROFILE APPROACH WITH POST-NIMEIRI SUDAN, WITH MUBARAK SAYING HE DELIVERS HIS ADVICE TO THE SUDANESE -- E.G., ON THE DANGERS OF COOPERATING WITH LIBYA -- IN A "QUIET" WAY, LEST THE SUDANESE TAKE OFFENSE AT BEING PUBLICLY INSTRUCTED BY EGYPT. GHALI HINTED THAT HE DID NOT AGREE WITH HIS GOVERNMENT'S BEHIND-THE-SCENES POLICY ON SUDAN, MENTIONING THAT THOSE OFFICIALS (LIKE HIMSELF, HE IMPLIED) WHO FAVORED A MORE VISIBLE EGYPTIAN STANCE HAD LOST THE POLICY BATTLE TO PROPONENTS OF THE LOW-KEY RELATIONSHIP. MUBARAK CONFIRMED THAT THE EGYPTIAN/SUDANESE INTEGRATION SCHEME IS BEING RESUMED, AFTER BEING IN LIMBO AS A CONSEQUENCE OF THE APRIL 1985 COUP.

17. CHAD. ABDEL MEGUID APPLAUDED THE FRENCH RESPONSE TO THE LATEST LIBYAN MOVE IN CHAD, ARGUING THAT QADHAFI WILL THINK TWICE BEFORE THREATENING THE NDJAMENA GOVERNMENT AGAIN. HOWEVER, ABOU GHAZALA SAID, THERE WERE LIMITS TO THE FRENCH ASSISTANCE; THE FRENCH WOULD PROVIDE CHADIAN LEADER HABRE WITH TECHNICAL ASSISTANCE, BUT WOULD NOT SUPPLY COMBAT TROOPS TO FIGHT. MENTIONING THE CURRENT VISIT TO CAIRO BY HABRE'S ENVOY SEEKING MILITARY ASSISTANCE, ABOU GHAZALA TOLD HIM EGYPT WOULD HELP, BUT ALSO SUGGESTED THAT HE APPROACH THE U.S. FOR ASSISTANCE. ABOU GHAZALA, RECALLING THAT "THREE MONTHS AGO" THE GOE SUPPLIED HABRE WITH SMALL ARMS AND AMMUNITION, OBSERVED THAT CHAD'S URGENT NEED IS FOR AN AIR DEFENSE SYSTEM -- SAM-7'S OR HAWKEYES -- FOR PROTECTION AGAINST THE LOW-

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FLYING LIBYAN AIRCRAFT. HE EXPRESSED HOPE THAT HABRE WOULD ACCEPT THE GOE'S OFFER TO TRAIN CHADIAN SPECIALISTS IN THE USE OF SAM-7'S. CLOSING ON A SOMBER NOTE, ABOU GHAZALA RECOUNTED HIS ADVICE TO THE FRENCH AND OTHERS YEARS AGO THAT HABRE SHOULD BE GIVEN MILITARY AID, SO AS TO PARRY THREATS FROM LIBYAN LEADER QADHAFI. THE ADVICE FELL ON DEAF EARS, NO SIGNIFICANT AID WAS FORTHCOMING, AND NOW IT IS TOO LATE TO FORESTALL LIBYAN MEDDLING IN CHAD, HE CONCLUDED.

18. FRANCOPHONE CONFERENCE. CITING THE RECENT FRANCOPHONE AFRICA CONFERENCE IN PARIS, GHALI SAID THERE WAS NO DISCUSSION OF THE SITUATION IN CHAD. CHAD'S FOREIGN MINISTER, AMONG THE ATTENDEES, HAD CONSIDERED PROPOSING A RESOLUTION THAT WOULD CONDEMN LIBYA'S THREAT AGAINST HABRE, BUT GHALI HAD CONSENCED AGAINST IT. HE EXPLAINED THAT SUCH A RESOLUTION PROBABLY WOULD NOT HAVE RECEIVED THE OVERWHELMING SUPPORT REQUIRED TO BE MEANINGFUL, AND ANYTHING LESS THAN NEAR-TOTAL ENDORSEMENT WOULD HAVE BEEN A BLOW TO THE HABRE GOVERNMENT'S PRESTIGE. SUCH A RESOLUTION WOULD ALSO HAVE CREATED UNNECESSARY DISSENSION

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WITHIN THE CONFERENCE, GHALI ADDED.

19. ETHIOPIA. GHALI REPORTED THAT EGYPT'S RELATIONSHIP WITH ETHIOPIA REMAINS TENSE, AS REFLECTED IN THAT COUNTRY'S REFUSAL TO ACCEPT EGYPTIAN TECHNICAL ASSISTANCE. HE ATTRIBUTED ETHIOPIAN LEADER MENGISTU'S PERSISTING MISTRUST OF EGYPT TO HIS PERCEPTION THAT EGYPT ACTIVELY SUPPORTS THE ERITREAN REBELS AND SIDES WITH SUDAN AGAINST ETHIOPIA. THE GOE'S EFFORTS TO SEEK ETHIOPIA'S COOPERATION ON VITAL MUTUAL INTERESTS -- E.G., MANAGEMENT OF NILE WATERS -- HAVE NOT SUCCEEDED THUS FAR, GHALI INDICATED.

-- LIKEWISE, GHALI FAILED TO SEE ANY SIGN THAT TENSIONS IN ETHIOPIAN/SUDANESE RELATIONS WERE EASING.

20. ANGOLA. GHALI SAID THE GOE WAS EMBARRASSED OVER THE U.S. VISIT BY UNITA LEADER JONAS SAVIMBI, AS ETHIOPIA AND OTHER AFRICAN COUNTRIES WERE CRITICIZING EGYPT FOR NOT CONDEMNING THE WHITE HOUSE RECEPTION OF SAVIMBI. ASKED ABOUT THE EFFECT OF GIVING U.S. AID TO SAVIMBI, GHALI SAID THIS IS WIDELY OPPOSED IN AFRICA, WHERE SAVIMBI IS REGARDED AS A SOUTH AFRICAN STOOGUE AS WELL AS A SECESSIONIST CAUSING TROUBLE FOR A LEGITIMATE CENTRAL GOVERNMENT. AFRICAN HEADS OF STATE, GHALI COMMENTED, HAVE AN ABIDING FEAR OF SECESSIONIST MOVEMENTS, AND, ACCORDINGLY, HAVE NO SYMPATHY FOR SAVIMBI. DESCRIBING ANGOLAN LEADER DOS SANTOS AS "FLEXIBLE" AND DESIROUS OF A PEACEFUL SETTLEMENT WITH SAVIMBI, GHALI URGED THE U.S. TO BE MORE FORTHCOMING WITH DOS SANTOS BY, FOR EXAMPLE, PROVIDING HIM WITH ASSISTANCE.

21. SOUTH AFRICA. GHALI STRESSED THAT AFRICAN COUNTRIES GENERALLY WERE SHOWING A GREATER READINESS THAN IN THE PAST TO TAKE CONCRETE SANCTIONS AGAINST SOUTH AFRICA -- DESPITE THE ECONOMIC DISADVANTAGES FOR SOME

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STATES. HE SAID PARTICIPANTS IN THE FRANCOPHONE AFRICA CONFERENCE HAD AGREED TO HOLD A CONFERENCE IN MAY/JUNE -- PERHAPS IN WASHINGTON OR A WESTERN EUROPEAN CAPITAL -- TO DECIDE ON SANCTIONS TO BE IMPOSED ON SOUTH AFRICA.

22. NATIONAL SECURITY. GHALI STATED THAT WHILE EGYPT'S MILITARY LEADERS FOCUS ON ISRAEL AND LIBYA AS POTENTIAL THREATS TO EGYPTIAN SECURITY, HE FEELS THAT THE FOCUS INSTEAD SHOULD BE MORE ON AFRICA. IT IS THERE, HE ELABORATED, THAT EGYPT'S MOST VITAL INTEREST LIES -- SAFEGUARDING ACCESS TO NILE WATERS. TO ILLUSTRATE, GHALI CITED THE STALLED JONGLEI CANAL PROJECT IN SUDAN; THE CANAL WOULD SUPPLY EGYPT WITH WATER TO CULTIVATE AN ADDITIONAL ONE MILLION ACRES OF DESERT LAND, BUT BECAUSE OF SOUTHERN SUDAN'S TURMOIL, THE PROJECT CANNOT BE COMPLETED.

23. COMMENT: THE SENATOR UNIFORMLY RECEIVED A WARM AND EXTREMELY CONVIVIAL WELCOME AT EVERY EVENT ARRANGED IN EGYPT. THE EGYPTIAN HOSTS CLEARLY WERE PLEASED TO HAVE THE OPPORTUNITY TO MEET A SENIOR SENATOR CONSIDERED A LONG-TIME FRIEND, AND THEY USED THE OCCASION TO ENGAGE IN FRANK, BUT AFFABLE EXCHANGES. IF THERE WAS A SINGLE DOMINANT THEME, PERHAPS IT WAS THAT EGYPT, WITH ITS MOUNTING ECONOMIC DIFFICULTIES, IS MORE THAN EVER RELIANT ON U.S. ASSISTANCE TO SEE IT THROUGH. END COMMENT.

24. CODEL'S DISCUSSIONS OF PEACE PROCESS AND EGYPTIAN/ISRAELI RELATIONS REPORTED IN SEPTELS.

25. CODEL DID NOT SEE THIS MESSAGE BEFORE DEPARTING EGYPT.
CLARK

END OF MESSAGE

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